

AMENDED IN SENATE JUNE 19, 2014

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2340**

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**Introduced by Assembly Member Garcia**

February 21, 2014

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An act to amend Section ~~131019.5~~ of the Health and Safety Code, relating to ~~public health~~ *Medi-Cal*.

LEGISLATIVE COUNSEL'S DIGEST

AB 2340, as amended, Garcia. ~~State Department of Public Health: Office of Health Equity~~ *Medi-Cal: benefits: clinic costs for drugs and supplies.*

*Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law provides for a department-administered uniform schedule of health care benefits. Existing law sets the cost that specified clinics bill the Medi-Cal program and the Family PACT Waiver Program for drugs and supplies at an aggregate amount equivalent to the sum of the actual acquisition cost of a drug or supply plus a clinic dispensing fee not to exceed \$12 per billing unit, as specified. Existing law sets the cost for a take-home drug that is dispensed for use by the patient within a specific timeframe of 5 or less days from the date medically indicated at the actual acquisition cost for that drug plus a clinic dispensing fee, not to exceed \$17 per prescription. Existing law sets the reimbursement at the lesser*

*of the amount billed or the Medi-Cal reimbursement rate and caps reimbursement at the net cost of these drugs or supplies when provided by retail pharmacies under the Medi-Cal program.*

*This bill would remove the cap on the dispensing fees. The bill would require the clinic dispensing fee to be the difference between the actual acquisition cost of a drug or supply, to be calculated not less than annually, and the Medi-Cal reimbursement rate. The bill would also remove the cap on reimbursement that is based on the cost of drugs or supplies provided by retail pharmacies.*

~~Existing law requires the State Department of Public Health to establish an Office of Health Equity, led by the Deputy Director of the Office of Health Equity, for the purposes of aligning state resources, decisionmaking, and programs to accomplish various goals, including improving the health status of all populations and places, with a priority on eliminating health and mental health disparities and inequities. Existing law requires the office to establish an advisory committee, as specified, to advance the goals of the office and to actively participate in decisionmaking.~~

~~This bill would authorize the deputy director to include on the advisory committee representatives from women’s health organizations that focus on health disparities and inequalities related to gender.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 14132.01 of the Welfare and Institutions
- 2     Code is amended to read:
- 3     14132.01. (a) Notwithstanding any other provision of law, a
- 4     community clinic or free clinic licensed pursuant to subdivision
- 5     (a) of Section 1204 of the Health and Safety Code or an intermittent
- 6     clinic operating pursuant to subdivision (h) of Section 1206 of the
- 7     Health and Safety Code, that has a valid license pursuant to Article
- 8     13 (commencing with Section 4180) of Chapter 9 of Division 2
- 9     of the Business and Professions Code shall bill and be reimbursed,
- 10    as described in this section, for drugs and supplies covered under
- 11    the Medi-Cal program and Family PACT Waiver Program.
- 12    (b) (1) A clinic described in subdivision (a) shall bill the
- 13    Medi-Cal program and Family PACT Waiver Program for drugs

1 and supplies covered under those programs at the lesser of cost or  
2 the clinic's usual charge made to the general public.

3 (2) For purposes of this section, "cost" means an aggregate  
4 amount equivalent to the sum of the actual acquisition cost of a  
5 drug or supply plus a clinic dispensing fee not to exceed twelve  
6 dollars (\$12) per billing unit as identified in either the Family  
7 PACT Policies, Procedures, and Billing Instructions Manual, or  
8 the Medi-Cal Inpatient/Outpatient Provider Manual governing  
9 outpatient clinic billing for drugs and supplies, as applicable. For  
10 purposes of this section, "cost" for a take-home drug that is  
11 dispensed for use by the patient within a specific timeframe of five  
12 or less days from the date medically indicated means actual  
13 acquisition cost for that drug plus a clinic dispensing fee, not to  
14 exceed seventeen dollars (\$17) per prescription. Reimbursement  
15 shall be at the lesser of the amount billed or the Medi-Cal  
16 reimbursement rate, and shall not exceed the net cost of these drugs  
17 or supplies when provided by retail pharmacies under the Medi-Cal  
18 program. *fee. The actual acquisition cost of a drug or supply shall*  
19 *be calculated not less than annually. The clinic dispensing fee*  
20 *shall be the difference between the actual acquisition cost of a*  
21 *drug or supply and the Medi-Cal reimbursement rate.*

22 (c) *Reimbursement shall be at the lesser of the amount billed*  
23 *or the Medi-Cal reimbursement rate.*

24 (e)

25 (d) A clinic described in subdivision (a) that furnishes services  
26 free of charge, or at a nominal charge, as defined in subsection (a)  
27 of Section 413.13 of Title 42 of the Code of Federal Regulations,  
28 or that can demonstrate to the department, upon request, that it  
29 serves primarily low-income patients, and its customary practice  
30 is to charge patients on the basis of their ability to pay, shall not  
31 be subject to reimbursement reductions based on its usual charge  
32 to the general public.

33 (d)

34 (e) Federally qualified health centers and rural health clinics  
35 that are clinics as described in subdivision (a) may bill and be  
36 reimbursed as described in this section, upon electing to be  
37 reimbursed for pharmaceutical goods and services on a  
38 fee-for-service basis, as permitted by subdivision (k) of Section  
39 14132.100.

40 (e)

1 (f) A clinic that otherwise meets the qualifications set forth in  
2 subdivision (a), that is eligible to, but that has elected not to, utilize  
3 drugs purchased under the 340B Discount Drug Program for its  
4 Medi-Cal patients, shall provide notification to the Health  
5 Resources and Services Administration’s Office of Pharmacy  
6 Affairs that it is utilizing non-340B drugs for its Medi-Cal patients  
7 in the manner and to the extent required by federal law.

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**All matter omitted in this version of the bill  
appears in the bill as amended in the  
Assembly, March 28, 2014 . (JR11)**